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Financial Management

**PROGRAM MANAGEMENT
ADMINISTRATION (PMA) GUIDANCE**

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The instruction implements AFPD 65-6, *Budget*. The purpose of this instruction is to establish consistent application of funding PMA costs for acquisition programs. This instruction does not apply to the Air National Guard or US Air Force Reserve units and members.

1. General Information. PMA is the cost of mission essential program office operations in direct support of a program. Prior to FY96, PMA was only funded with RDT&E and O&M funds. Beginning with FY 96, the Air Force implemented a change to include procurement funds for PMA costs so as to directly associate all weapon system costs to the appropriate of the specific weapon system or modification (R&D, procurement and O&M). By achieving this purpose, PMA funding is consistent with Congressional intent to reflect the full cost of each weapon system providing greater cost visibility. Additionally, program managers gain increased control and flexibility to execute and deliver their programs.

1.1. The following directives and guidance provides for support of PMA funding:

1.1.1. DoD Financial Management Regulation DoD 7000.14-R states that Investment/R&D programs pay for program related expenses. The following are excepts:

1.1.1.1. "R&D programs and the cost coverage of RDT&E appropriations will be determined...based on the principle that all RDT&E related effort should be funded in the RDT&E appropriations so that it can be assessed from a priority standpoint with other similar programs. When...there is doubt as to the proper assignment of costs between appropriations, the issue should be resolved in favor of using RDT&E funding." (Para. 10210 B.)

1.1.1.2. "The type of costs to be financed by RDT&E and related appropriations are: ...The operation of R&D installations/activities engaged in the conduct of R&D programs, including direct and indirect efforts, expense and investment costs." (Para. 10210 C) Program offices managing an R&D program are considered an R&D activity in terms of R&D program, project, or activity (PPA).

1.1.2. Congress has maintained a position that requires the Secretary of Defense to ensure that O&M funds are not used for activities that should be more appropriately funded from the procurement or research and development appropriations (FY95 Defense Authorization Conference Report).

1.1.3. An appropriation law principle states that an “appropriation to carry out enabling or authorizing laws must be expensed in strict accord with the original authorization as to the amount of funds to be expensed and the nature of work authorized.”

1.1.4. SAF/FMB Memo, 22 Feb 96, provides interim policy guidance, pending update to AFI 65-601 and AFM 65-604 regarding the PMA initiative.

1.1.5. DFAS-DE/ANAC Memo, 1 Apr 96, provides accounting instructions to implement the recording and reporting of PMA costs, including direct citing the procurement appropriations, in the Base-Level Accounting and Finance System (GAFS/BQ). DFAS guidance was sent to AFMC Center FMs and DAOs to be effective 1 Apr 96.

1.1.6. HQ AFMC/FMA Memo, 30 Sep 96, “AFMC Long Line Account Structure and revised ‘Zero Fill’ Guidance” provides the “type A” structure accounting format to be used for PMA.

1.1.7. AFMCI 65-601, Intracommand Support, establishes consistent application of AFMC reimbursement policy for intracommand relationships within AFMC. It defines above standard support as a level of support service reimbursable by the program offices for a peculiar/unique type of service required by an activity to achieve its specific mission objectives.

2. Terms Explained:

2.1. Direct Mission Support (DMS) Costs. These are costs that support the direct mission performance requirement of the specific weapon system. They include tech orders, weapon system contract engineering (R&D, production or maintenance), and contractor logistics support.

2.2. PMA Allowable Costs. All costs in direct support of program management efforts such as travel, contract services in support of program office operations (including Advisory & Assistance Services (A&AS) contracts), computer support, unique communication expenses, printing, supplies and initial program specific training. PMA costs also include contract pre-litigation costs for matters such as evaluation of claims to be paid with program funds. In determining which requirements are PMA and which are weapon system specific (non PMA Costs), Single Managers(SMs) should work with the customer. The central question (PMA vs. DMS) which needs to be addressed/resolved is: Is the support needed in order to aid the program office in conducting its operation or does the support directly enhance the weapon system (e.g. weapon storage)? See Table 2 for matrix of allowable costs.

2.2.1. PMA Non-allowable Costs. PMA costs **do not include** civilian pay or overtime pay, standard base or installation operating support, or costs associated with Headquarters level support. Also excluded from PMA are the costs of tech orders, weapon system contract engineering (R&D, production or maintenance), and contractor logistics support and contract litigation costs. Once litigation begins (e.g., a contractor files an appeal with the Armed Services Board of Contract Appeals or initiates an action in court), litigation support costs, such as expert evaluation, are funded with O&M. These PMA cost exclusions are funded consistent with existing policy guidance contained in AFI 65-601, Volume 1 and Air Staff direction. Excluded costs fall under the

cost categories of base operating support (BOS), Acquisition/Logistics Infrastructure or Direct Mission Support.

2.3. Acquisition/Logistic Infrastructure Costs (A/LI). These are acquisition and logistics center costs to provide common administrative services and support required by all program/staff offices and funded primarily in program elements 72806F and 78070F. They include civilian pay for Center staff and SPO personnel.

2.4. BOS Costs. These are base O&M type costs to provide common infrastructure support required by all installation offices regardless of mission.

2.5. Above Standard Support. A level of support or service that exceeds the standard support services (common use infrastructure) established by the supplier. Includes program requirements for peculiar or unique types of services. These services directly support and benefit programs and achieve mission objectives in a more efficient and cost effective manner. The program office is responsible for PMA funding.

2.6. Standard Support . Level of support to include common BOS and ALI which is O&M funded by the host/supplier.

3. Budget Implementation Rules:

3.1. PMA costs will be charged to the appropriation funding the task, or portion thereof, being supported. In other words, PMA charges will be funded based on the nature of work it is supporting. (See Figure 1)

3.1.1. PMA costs will be budgeted in RDT&E consistent with long standing guidelines.

3.1.2. Procurements funds will pay PMA costs directly supporting production program activities. PMA costs in direct support of procurement tasks will transition to the procurement accounts beginning with the first year a procurement quantity is included in the budget request. Procurement appropriations will be used to fund PMA cost in the following categories:

3.1.2.1. For appropriation 3010, all programs in Budget Programs 10, 11, and 13.

3.1.2.2. For appropriation 3011, all acquisition categories (ACAT) I and II programs

3.1.2.3. For appropriation 3020, all programs in Budget Programs 20, 21, and 23.

3.1.2.4. For appropriation 3080, all acquisition categories (ACAT) I and II programs.

3.1.3. Activities that support program sustainment are chargeable to O&M.

3.1.4. In those circumstances where distinction between Procurement and O&M/RDT&E PMA is not readily discernible, or where PMA costs cannot be tied to an individual program(s) or modification(s), the issue should be decided in favor of O&M or RDT&E as appropriate.

3.2. PMA funding will not be split between appropriations for a single effort.

3.3. PMA funds will be budgeted and executed only in the first year of availability. Unobligated balances will not be used in the second or third year of availability to finance PMA requirements. If circumstances arise which may warrant an exception, prior written approval must be obtained from SAF/FMBI. Requests should be forwarded directly to SAF/FMBI with a copy sent to HQ AFMC/FMB.

3.4. When termination of a program is directed by Congress, the Air Force or OSD, the most recent funds appropriated for the program shall be used first to fund day-to-day operating requirement necessary to execute the termination.

3.5. Managers for modification programs may continue to fund PMA costs in the same appropriation budgeted until FY98. However, once an election of appropriation is made, it cannot be changed. All modification programs must implement PMA with procurement funds PAP 56in FY98 (O&M funds transferred to procurement funds in FY98 BES).

3.5.1. A separate line should not be made in P-series documentation for modification or any other PMA support.

3.5.2. For budgeting and cost tracking, Mod PMA costs are to be accounted for in the modification the PMA supports (See Table 1). Where Mod PMA costs cannot be allocated/budgeted to specific individual modifications, costs are funded with O&M, unless weapon system is undergoing concurrent modification and production. If concurrent modification and production effort is ongoing, production funds may pay costs not identifiable to specific mods. Air Staff (SAF/FMBI) has directed that if insufficient current year funds exist in a particular mod line to support PMA, current year funds should be realigned from other mod lines within the same weapon system to source the PMA requirements based on priority of need.

Table 1. Funds.

Type of Weapon System Modification	Budget Action Required
Single Mod For Single Weapon System	Fund PMA In Mod Line
Single Mod For Multiple Weapon Systems	Fund PMA In Each Mod Line
Multiple Mods To Single Weapon System	Fund PMA In Each Mod According To Weapon System Support
All Other Mod PMA Costs That Can Not Be Directly Associated With Individual Mod Effort	Fund With O&M Type Funds. Exception: Use production funds only if concurrent modification and production effort is ongoing

3.6. PMA costs are distinguishable from weapon system specific costs (direct mission use) by the use of the Responsibility Center/Cost Code (RC/CC) and element of expense investment code (EEIC) in the accounting classification. The accounting classification for PMA costs should be written as shown in Figure 3 for fund type "A" accounting structure. This structure conforms to the HQ AFMC/FMA Memo, "AFMC Long Line Account Structure and Revised 'Zero Fill' Guidance," 30 Sep 96. As an option, a weapon system modification number (corrolating to a RC/CC field for the first 4 digits) can be inserted in the RC/CC field of the accounting classification for tracking PMA costs as appropriate. To review the "Zero Fill" guidance, see web site [http://www.afmc.wpafb.af.mil/ organizations/HQ-AFMC/FM/fma/](http://www.afmc.wpafb.af.mil/organizations/HQ-AFMC/FM/fma/).

4. Accounting Implementation Rules:

4.1. DFAS-DE has provided accounting instructions and procedures to implement the recording and reporting of PMA costs and to direct cite procurement funds for production related PMA costs in the base level General Accounting & Finance System (GAFS/BQ). The intent of these procedures is to

keep the same accounting classification structure (Fund Type A structure) as is being used in RDT&E Management and Support (M&S). The elements of expense/investment codes (EEIC) and responsibility center/cost center (RC/CC) will be used in the fund cite/accounting classification. The RC/CC for fund type A will replace the materiel program code (MPC) field for fund type C. The following are DFAS-DE procedures effective beginning in FY97.

4.1.1. Record PMA costs only in GAFS/BQ, not in the Central Procurement Accounting System

4.1.2. The AFMC "Zero Fill" Guidance provides the "Type A" structures and examples for central procurement and RDT&E PMA accounting classifications.

4.1.3. Record EEIC not MPC in fund type "A" records. GAFS/BQ will accept only budget program activity code (BPAC), program element (PE), EEIC, and RC/CC in fund type "A" records.

4.1.4. Do not use a "3" in the fourth position of the EEIC due to critical DFAS-DE Departmental MAFR requirements for progress payments.

4.2. Data Base Transfer (DBT) Reporting. DBT MAJCOM report generator programs will extract and report all data elements (except RC/CC) in the GAFS/BQ. This is comparable to RDT&E management and support costs.

4.3. Master Appropriation Reference Table (MART). The MART performs a presence edit validation on MPC/EEIC. Although MART allows a 3 or 5 position field, it is recommended that 5 positions always be provided for standardizing the use of accounting classification for both GAFS/BQ and CPAS. An EEIC data value is required for fund codes 11, 15, 17, and H8 to acknowledge PMA costs.

4.4. Year-End processing in the GAFS/BQ. DFAS-DE/ANAC updates applicable MART files to carry-over PMA records "as is" to retain complete identity and integrity.

4.5. Integrated Automated Travel System (IATS) Interface into GASF/BQ. GAFS/BQ generated Fund Summary Records (FSRs) and PSRs will update the proper accounts for "For-Self processing."

4.6. Standard Base Supply System (SBSS) Interface with GAFS. SBSS cost center expense/ obligation /report records recognize all standard data elements, to include PEC, RC/CC, and EEIC, required to successfully interface with GAFS

Table 2. Support.

Type of Service	Examples
1. Contract Services for Program Office Operations	Program office computer support, configuration management costs, cost estimating/analysis, and consulting services (including TEMs, CITA and FFRDC or A&AS type contracts).
2. Travel in Support of Program Office Efforts	Program office travel supporting Program Management Reviews, Negotiation Reviews, and Defense Acquisition Board (DAB). PMA procurement appropriation TDY funding will not be provided to higher HQ management staff for administrative reviews.
3. System Program Office (SPO) supplies and equipment purchases, rentals, leases, and maintenance.	Off-base program office space rental. Unique (above standard) equipment maintenance leases to include copiers, fax machines, on-demand repair contracts, and special graphics support.
4. Unique Communication Expenses	Program office video teleconference networks, direct long distance line with prime contractors.
5. Program Office Specific Training	Specialized short-term technical training for program office assigned personnel that directly relate to performance of functions in support of the direct mission program (e.g., Selected Acquisition Report (SAR) preparation training). This does not include funding college degrees on either full time or part time basis. Degrees are funded by host base or career program training funds.
6. Printing and Reproductions	Program office printing for DABs and Requests for Proposal (RFP).

Figure 1. PMA Conceptual Funding.

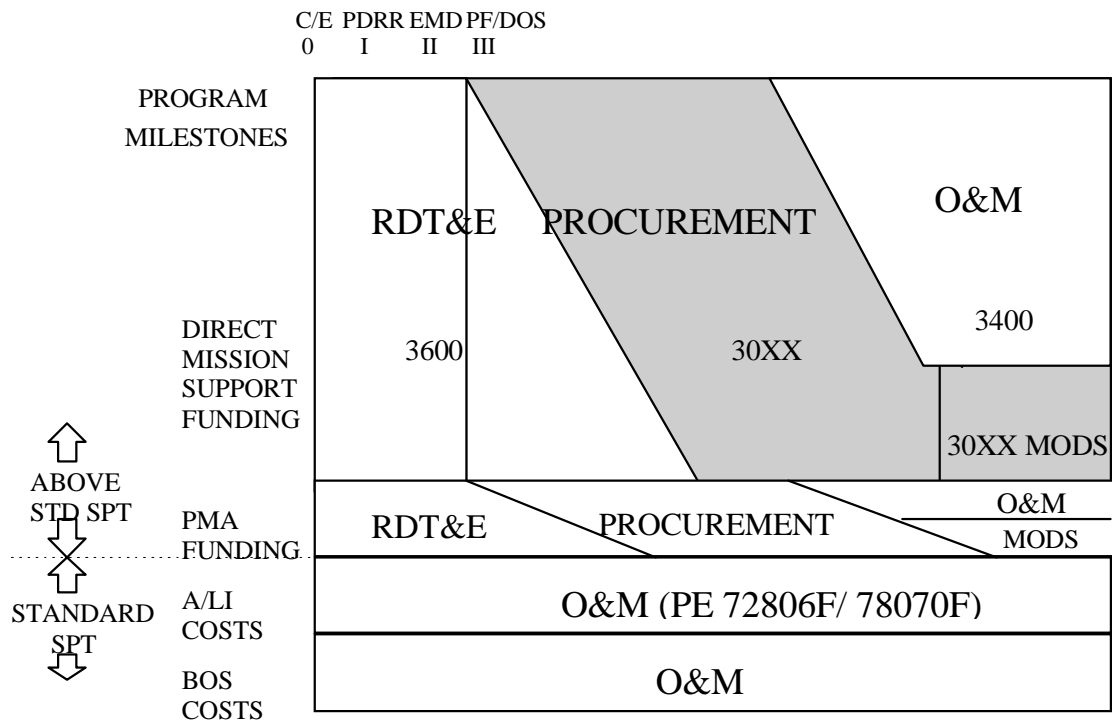


Table 3. Investment Appropriations-Administrative Use.

<u>APPN</u>	<u>FC&PY</u>	<u>OAC ASN</u>	<u>BPAC</u>	<u>(RC/CC)</u>	<u>EEIC</u>	<u>PEC</u>	<u>ADSN</u>
57x3010	11x	xxxx	xxxxxx	xxxxxx	xxx00 xxxxx	or 000000 xxxxxx	or xxxxxx
57x3011	H8x	xxxx	xxxxxx	xxxxxx	xxx00 xxxxx	or 000000 xxxxxx	or xxxxxx
57x3020	15x	xxxx	xxxxxx	xxxxxx	xxx00 xxxxx	or 000000 xxxxxx	or xxxxxx
57x3080	17x	xxxx	xxxxxx	xxxxxx	xxx00 xxxxx	or 000000 xxxxxx	or xxxxxx
57x3600	29x	xxxx	xxxxxx	xxxxxx	xxxxx	xxxxxx	xxxxxx
Examples							
<u>AP- PRO-PRI- ATION</u>	<u>FC/_YR</u>	<u>OAC/ ASN</u>	<u>BPAC</u>	<u>RC/CC</u>	<u>EEIC</u>	<u>PRO- GRA- MELEME NTS</u>	<u>ADSN</u>
5773010	117	4798	11119Y	231100	40900	000000	503300
5773600	297	4722	6606UB	231100	40900	64707F	527900

Note1. Accounting structure for the investment funds above is only used for program management administration, supporting the government management of a program. This accounting structure is similar to Fund Type A used for RDT&E Management and Support Funds.

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